37

SECRET
NO FOREIGN DISSEM/LIMDIS

EXCISE

257

INTELLIGENCE BRIEF

DIRECTOR OF INTELLIGENCE AND RESEARCH

May 27, 1970

QUADHAFI PLAN

To : The Acting Secretary
Through: S/S
From : INR - George C. Denney, Jr.

Subject: Libya: Will the Government Move Against the Oil Companies?

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY C DATE 8/7/81
PORTIONS DENIED AS INDICATED

Oil is Libya's Major Diplomatic Weapon. Concern over the ultimate intentions of the present Libyan Government toward the mainly American and British-owned oil industry in Libya appears well justified: the ruling junta is clearly no friend of the international "majors" and is almost certainly considering a number of alternative solutions to Libya's present heavy dependence on those companies (as evidenced by Libya's recent contacts with the Soviets and other Eastern Europeans, the French, and the Algerians). However, in connection with the current negotiations over the "posted" or tax-reference price of crude oil, it seems unlikely that the Libyans would move against foreign equity interests in the industry as a whole--by total or partial nationalization, by sequestration, or by general revocation of concessions.

[redacted]

4

SECRET
NO FOREIGN DISSEM/LIMDIS

GROUP 1
Excluded from automatic downgrading and declassification

This report was produced by the Bureau of Intelligence and Research. Aside from normal substantive exchange with other agencies at the working level, it has not been coordinated elsewhere.

[redacted]

INKD-131 PET 16 LIBYA AK POL 27 AKAB-JSK PET 15-2 LIBYA

[redacted]

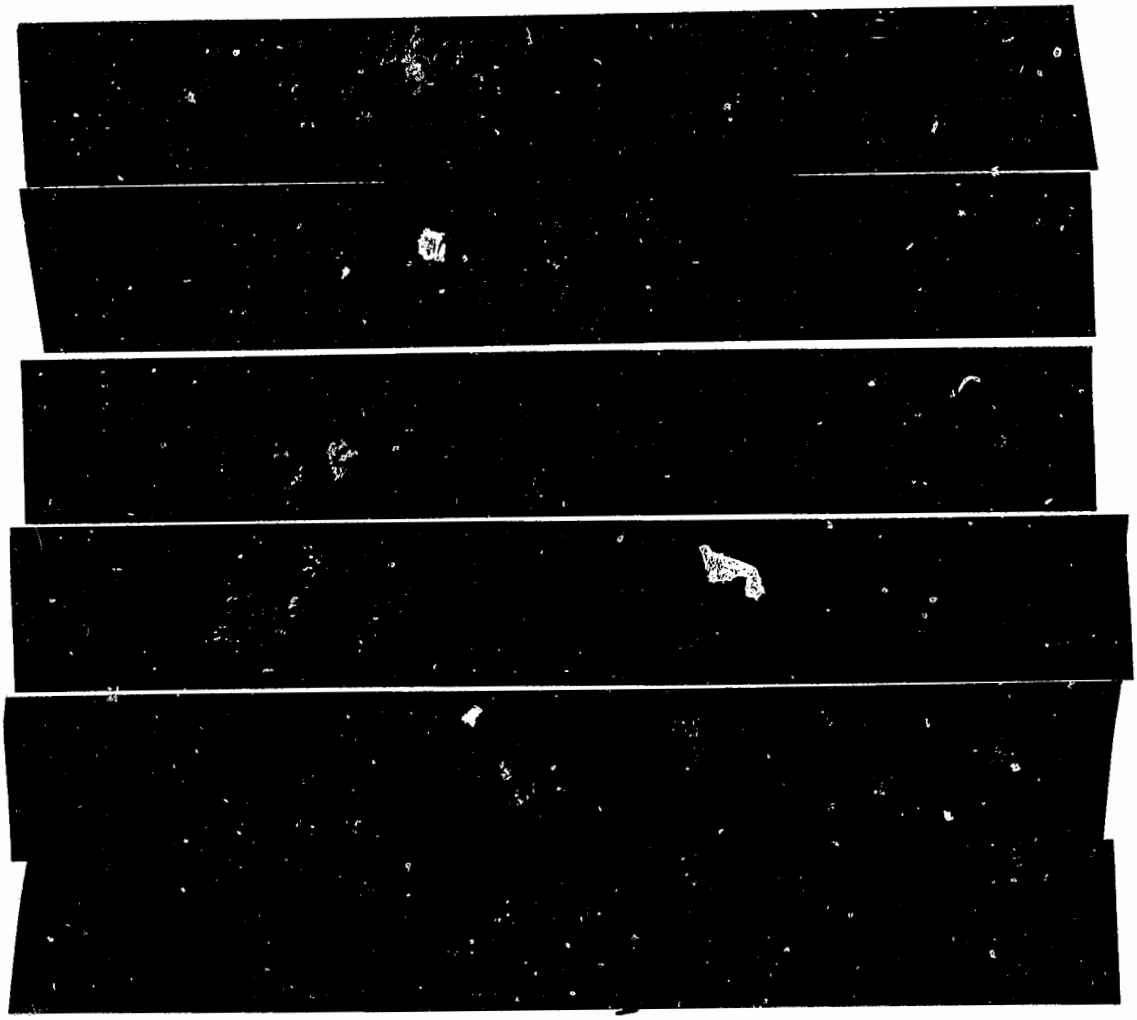
There is little evidence that he has reached either conclusion. [redacted] B1

[redacted] Furthermore, Qadhaafi has just launched an inter-Arab diplomatic initiative for his own, as yet undisclosed, plan for the settlement of the Arab-Israeli confrontation. Given the great influence on Qadhaafi of UAR President NASSER, this "Qadhaafi plan" (although almost certainly calling for strong Arab pressures against the US) probably also reflects Nasser's waning hopes for a political settlement based on US influence over Israel. [redacted] B1

[redacted] Qadhaafi would in any case move extremely cautiously until after the complete evacuation of American forces from Wheelus Air Base, now scheduled for mid-June. On balance, and assuming that the Arab cause does not deteriorate dramatically during this period, Qadhaafi probably will not nationalize the industry as a whole over the next few weeks.

[redacted] B1

DECLASSIFIED



INR/Africa
Director : WCHarrop
Analyst : BWBrown
Ext. : 20688

DECLASSIFIED